

TO: Susan Jannetta

DATE: March 29, 1995

FROM: Eric Ostern

SUBJECT: 1994 MARLBORO REMNANT SPACE PROGRAM

As requested, this memo provides you with a point-of-view on the 1994 remnant space program as it specifically relates to Marlboro.

EXECUTIVE SUMMARY

The issue under review is whether or not the 1994 remnant space program met Marlboro's leadership standards.

Overall, Marlboro's positions were good with over 70% of positions meeting leadership standards as defined by PM and LB Media. Based on these results, we are recommending that Marlboro participate in the 1995 bonus space program; this program has been changed from paid remnant space to free space as a means of maintaining our 1995 corporate CPM's with YAG.

DISCUSSION

Leadership

Leadership positioning in magazines consists of superior/preferred placement vs. other advertisers. Such positioning is comprised of:

- Cover and center spread positions which provide maximum visibility.
- Adjacencies next to/within highly read features/sections (full editorial) that appear regularly in a magazine. The specific adjacency determines the "degree" of leadership positioning. While we prefer far forward placement, research from Starch indicates that there is no significant difference in the recall between the front and back of a magazine. This research is based on two measured Time Inc. titles (Sports Illustrated and People) and thus, should only be used directionally.

The above criteria serve as a guide when evaluating positioning. Sound judgment also needs to be incorporated based on the nature of the surrounding editorial environment.

Marlboro's Positioning

Of the seven insertions that ran (see attached exhibit), five were in-line with the above definition of leadership. These ads ran in locations which were, judgementally, well read. Note that because much of the space was regional, the majority of ads ran in the back of the book. The five ads that met our definition of leadership were:

- 1) Entertainment Weekly (8/19) -- Regional page adjacent to the Music section (last quarter).
- 2) Entertainment Weekly (9/23) -- National spread leading into Cover Story (first quarter).
- 3) Time (8/15) -- Regional page leading into Books section (last quarter).
- 4) Time (10/31) -- Regional ad within Arts & Media section (last quarter).

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5) Time (11/7) -- Regional page adjacent to Masthead (first quarter).

Two regional ads did not constitute leadership positioning: Sports Illustrated (8/29) and Time (12/5). The former was placed within editorial on college football; the latter was opposite a partial ad.

CONCLUSIONS/RECOMMENDATIONS

The findings described above lead us to conclude that over 70% of the positions met Marlboro's leadership standards as defined by PM and LB Media.

The overall rating of our positions was good rather than excellent primarily due to their back-of-book placement (due to their regional nature). The 55% discount off the open rate (vs. our normal 38%-45% discount), coupled with the findings from Starch, made the "trade-off" in terms of back-of-book placement acceptable. To put this program in perspective, the seven insertions represented only 1% of the 1994 magazine insertions and 1% of the 1994 magazine budget.

For 1995, the remnant space program has been modified. Instead of receiving the space at favorable discounts, Marlboro would receive it absolutely free. The estimated \$540.5M (Marlboro only) in recommended free space would most likely run in the following titles:

<u>Title</u>	<u># of National Pages*</u>
Time	1
People	2
Life	1
Sports Illustrated	2
Entertainment Weekly	1
Total	7

*Some may run regionally; TBD.

Media recommends that Marlboro participate in this program. Although we strive for far forward placement, we run the risk of back-of-book positioning specifically with regional space. However, not always receiving far forward placement is offset by the facts that the space must still meet our minimum positioning requirements (e.g.: competitive separation) and is free. PM and LB Media are already working with Time Inc. at increasing the number of national bonus pages in an attempt to obtain placement farther forward.

Based on the performance of the '94 remnant space program and the discussion above, we do not believe that Marlboro's leadership image will be compromised by participating in the bonus space program.

Note, Merit, Virginia Slims, B&H, and Basic have already committed to this program.

NEXT STEPS

I will call you Thursday, March 30th to discuss this recommendation. If you would like to discuss this earlier, please do not hesitate to call.

Attachment

Eric

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cc: PM

R. Camisa
G. Fawcett
T. Keim
R. Schneider
R. Simons

LB

S. Fraser
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